



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JANUARY 30, 2013

FROM: ENGINEERING

**SUBJECT: RESOLUTION NO. _____ APPROVAL OF STATE PROPOSITION
1B TRADE CORRIDORS IMPROVEMENT FUND PROGRAM –
CALIFORNIA TRANSPORTATION COMMISSION PROGRAM
SUPPLEMENT AGREEMENT BETWEEN THE CITY OF LOS ANGELES
HARBOR DEPARTMENT AND THE STATE OF CALIFORNIA FOR THE
SOUTH WILMINGTON GRADE SEPARATION PROJECT**

SUMMARY:

In 2008, the California Transportation Commission (CTC) approved \$17 million State Proposition 1B Trade Corridors Improvement Fund (TCIF) program funds for the South Wilmington Grade Separation project. The South Wilmington Grade Separation is a critical project for the City of Los Angeles Harbor Department (Harbor Department), and is needed for the planned construction of the adjacent TraPac container terminal improvement program. On June 19, 2008, the Board of Harbor Commissioners (Board) approved the CTC required "Baseline Agreement" that sets forth the project scope, expected benefits, schedule, cost and funding plan. On June 22, 2011, the CTC approved an amendment to the existing "Baseline Agreement" which modified the project schedule and cost to account for unforeseen third party utility relocations that are required to construct the projects' improvements. On June 27, 2012, the CTC approved a Second Amendment to the "Baseline Agreement" which modified the project schedule and cost to account for unexpected delays to securing outstanding permits and right of ways. The total TCIF funding remains unchanged at \$17 million.

Additionally, the CTC requires the Harbor Department to fully execute a Program Supplement Agreement prior to the start of any work for which the Harbor Department will seek reimbursement. The Harbor Department is ready to start work on the project, and seeks Board approval of the Program Supplement Agreement between the CTC and the Harbor Department for the South Wilmington Grade Separation project in the amount of \$17 million.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the Program Supplement Agreement between the California Transportation Commission and the City of Los Angeles Harbor department for the South Wilmington Grade Separation project in the amount of \$17 million;
2. Authorize the Executive Director to execute and the Board Secretary to attest to the Program Supplement Agreement for and on behalf of the Board;
3. Authorize the Executive Director to execute, and the Board Secretary to attest to, future amended agreements to account for revised project schedules and reduced project costs, for and on behalf of the Board; subject to the approval of the City Attorney as to form and legality; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background and Context - In 2008, the California Transportation Commission (CTC) approved \$17 million State Proposition 1B Trade Corridors Improvement Fund (TCIF) program funds for the South Wilmington Grade Separation project. The South Wilmington Grade Separation is a critical project for the City of Los Angeles Harbor Department (Harbor Department) and is needed for the planned construction of the adjacent TraPac container terminal improvement projects. On June 19, 2008, the Board of Harbor Commissioners (Board) approved the CTC required "Baseline Agreement" that set forth the project scope, expected benefits, schedule, cost and funding plan. On June 22, 2011, the CTC approved an Amendment to the existing "Baseline Agreement" which modified the project schedule and cost to account for unforeseen third party utility relocations that are required to construct the projects improvements. On June 27, 2012, the CTC approved a second Amendment to the "Baseline Agreement" which modified the project schedule and cost to account for unexpected delays in securing outstanding permits and right-of-way. The total TCIF funding remained unchanged at \$17 million.

Additionally, the CTC requires the Harbor Department to fully execute a Program Supplement Agreement prior to the start of any work for which the Harbor Department will seek reimbursement. The Harbor Department is ready to start work on the project, and seeks Board approval of the Program Supplement Agreement between the CTC and the Harbor Department for the South Wilmington Grade Separation project in the amount of \$17 million. The Executive Director also seeks approval from the Board to execute subsequent amended agreements in the future to account for minor changes in

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the schedules and/or if total project costs decrease. If project costs increase, staff will seek Board approval again for another amended agreement.

The total cost of the project is currently estimated at \$50,643,125 for the construction phase. The Harbor Department advertised the construction contract for the project on September 20, 2012, and opened bids on October 15, 2012. The Board awarded the construction project to MCM Construction, Inc. on November 1, 2012 in the amount of \$50,643,125 along with the contingency of \$5,064,313 for a total authorization of \$55,707,438. The Harbor Department must fully execute the Program Supplement Agreement with the CTC to be eligible to seek reimbursement for the project work up to \$17 million. The Harbor Department anticipates issuing a notice to proceed for construction in January 2013. The project is estimated to complete construction in December 2014.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Program Supplement Agreement with the CTC for TCIF funding for the South Wilmington Grade Separation project. As an action involving an activity specifically exempted from the requirements of California Environmental Quality Act (CEQA) by State Law (construction of a railroad grade separation project to eliminate an existing grade crossing per Section 21080.13 of PRC), The Director of Environmental Management has determined that the proposed action is exempt from the requirements of the CEQA in accordance with Article II, Section 2(h) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

Approval of the proposed Program Supplement Agreement will have no employment impact. Economic benefits of the project associated with this Program Supplement Agreement was stated to generate approximately 437 direct construction jobs in the five-county region at the time of the Board's approval.

FINANCIAL IMPACT:

Approval of this Program Supplement Agreement will reaffirm the commitment by the Harbor Department to fund the project discussed herein. The funds for the total project construction cost of \$50,643,125 have been accounted for in the five-year capital improvement program. In addition to the \$17,000,000 TCIF grant covered by this Program Supplement Agreement, the following local grant has also been approved:

1. Los Angeles County Metropolitan Transportation Authority (Metro) Proposition C - \$19,288,000.

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2. The total grant funding approved for the project is \$36,288,000. The Harbor Department's cost share is therefore \$14,355,125. The funding source of the project costs were previously detailed in the construction contract award to MCM Construction, Inc. on November 1, 2012 as discussed in the body of this report, as were the ongoing operating and maintenance costs associated with the South Wilmington Grade Separation Project.

CITY ATTORNEY:

The Office of the City Attorney has approved the Program Supplement Agreement as for form and legality.

TRANSMITTAL:

- 1. Program Supplement Agreement

FIS approval: WJ (initials)

CA approval: MC (initials)



ANTONIO V. GIOIELLO
Chief Harbor Engineer



for MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

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